GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Week Ending 12th June 2026

Office@giagcc.com

Executive Summary

Global markets navigated an exceptionally volatile week, with the trajectory of US-Iran hostilities driving price action across asset classes. WTI Oil surged to approximately $93/bbl on Wednesday as tensions escalated, before reversing sharply and declining 6.3% WoW to $84.9/bbl by Friday after President Trump cancelled planned strikes and reports of progress toward a peace agreement emerged. The rapid shift in sentiment triggered a broad cross-asset repricing, with bond yields falling, equities recovering, safe-haven assets retracing gains, and risk appetite strengthening into the week’s close. Beyond the geopolitical developments, several underlying market trends continued to take shape, including a broadening of market leadership from mega-cap technology toward value stocks and small-caps, a growing acceptance of a "higher for longer" interest rate environment.

Key Themes:

- **Geopolitical Whiplash, Compressed Timelines:** The US-Iran de-escalation drove the sharpest single-week oil decline since April. Markets are repricing Hormuz risk in real time; the swing from approximately $93/bbl to approximately $85/bbl reflects a sentiment shift, not a fundamental supply improvement.
- **Energy-Driven Inflation Bifurcating from Core:** May US headline CPI came in at 4.2% YoY (highest since April 2023), almost entirely attributable to energy. Core CPI moderated to 2.9% with month-on-month price growth slowing for the second consecutive month. This bifurcation supports the Fed's prolonged pause.
- **Tech Rotation Deepens, AI Capex Narrative Intact:** The semiconductor index pulled back approximately 12% from parabolic levels before partially recovering. The equal-weight S&P 500 now outperforms cap-weighted YTD (~11% vs. ~9%), with financials, healthcare, and small-caps (Russell 2000 +3.9% WoW) leading. Cloud hyperscalers continue ramping AI capex toward $1 trillion in combined next-12-month estimates.
- **ECB Breaks Cycle; BoJ About to Follow:** The ECB announced its first rate hike since September 2023; a 25bps move (deposit rate 2.00% to 2.25%, effective 17 June) accompanied by a 2026 GDP downgrade to 0.8% and CPI upgrade to 3.0%. Stagflation risk is now formally in the ECB's baseline. The BoJ is widely expected to raise to 1.0% at its June 15-16 meeting (first hike since December 2025). Global policy divergence is narrowing.
- **Private Credit: Tactical Recovery, Structural Stress Intact:** The S&P BDC Index recovered +1.1% WoW but the YTD deficit of (12.2%) reflects ongoing structural compression as "higher for longer" rates compress NAVs, force PIK elections among weaker borrowers, and widen dispersion between large platforms and single-sector managers.

Week Ending	S&P 500	NASDAQ	Dow Jones	Sensex	Nikkei	S&P BDC	Gold	Silver	Oil	Nat Gas	Crypto Index
9-Jan	1.6%	2.2%	2.3%	(2.5%)	3.2%	0.0%	4.1%	9.7%	3.1%	(12.4%)	0.9%
23-Jan	(0.4%)	0.3%	(0.5%)	(2.4%)	(0.2%)	(0.9%)	8.5%	14.5%	2.7%	70.0%	(8.7%)
6-Feb	(0.1%)	(1.9%)	2.5%	3.5%	1.7%	(4.6%)	1.4%	(8.6%)	(2.5%)	(21.4%)	(19.4%)
20-Feb	1.1%	1.1%	0.3%	0.2%	(0.2%)	(2.8%)	1.3%	9.3%	5.6%	(6.0%)	(1.6%)
6-Mar	(2.0%)	(1.3%)	(3.0%)	(2.9%)	(5.5%)	1.3%	(2.0%)	(9.9%)	35.6%	11.4%	2.6%
20-Mar	(1.9%)	(2.0%)	(2.1%)	(0.0%)	2.6%	1.0%	(10.5%)	(15.7%)	(0.4%)	(1.1%)	0.3%
3-Apr	3.4%	3.9%	3.0%	(0.4%)	(1.7%)	2.3%	4.1%	4.7%	11.9%	(9.5%)	1.1%
17-Apr	4.5%	6.2%	3.2%	1.2%	2.7%	6.9%	1.7%	6.6%	(13.2%)	1.0%	6.9%
1-May	0.9%	1.5%	0.5%	0.3%	(0.3%)	4.9%	(2.0%)	(0.5%)	8.0%	10.2%	(0.8%)
15-May	0.1%	(0.4%)	(0.2%)	(2.7%)	(2.1%)	(2.1%)	(3.7%)	(5.4%)	10.5%	7.4%	(2.2%)
29-May	1.4%	2.9%	0.9%	(0.8%)	4.7%	2.1%	0.7%	(0.3%)	(9.6%)	13.2%	(2.2%)
12-Jun	0.6%	2.3%	0.7%	1.7%	(0.9%)	1.1%	(2.5%)	0.3%	(6.3%)	(3.4%)	5.1%
YTD Return	**8.4%**	**17.6%**	**5.8%**	**(11.9%)**	**31.1%**	**(12.2%)**	**(2.6%)**	**(6.6%)**	**48.1%**	**(13.8%)**	**(40.5%)**

Asset Class Performance

Equity Market

	Week ending >>>				
	5-Jun-26	12-Jun-26	YTD Returns	Growth for the month	Growth for the week
Equity Indices					
S&P 500 (USD)	7,383.7	7,431.5	8.4%	0.4%	0.6%
NASDAQ (USD)	28,957.6	29,636.0	17.6%	1.4%	2.3%
Dow Jones (USD)	50,866.8	51,202.3	5.8%	3.2%	0.7%
SENSEX (INR)	74,243.3	75,528.0	(11.9%)	(2.3%)	1.7%
Stoxx 600 (EUR)	622.7	633.2	6.2%	3.4%	1.7%
Nikkei (JPY)	66,588.1	66,020.0	31.1%	5.3%	(0.9%)
Hang Seng (HKD)	24,962.0	24,718.1	(6.2%)	(6.3%)	(1.0%)

- **US Equities:**
  - S&P 500 closed at 7,431.5 (+0.6% WoW, +8.4% YTD), NASDAQ (USD) at 29,636.0 (+2.3% WoW, +17.6% YTD), and Dow Jones at 51,202.3 (+0.7% WoW, +5.8% YTD). Headline gains substantially understate the week's intraday volatility: indices sold off sharply on Wednesday when oil hit approximately $93/bbl and US-Iran exchanges escalated before recovering strongly on Thursday/Friday following Trump's cancellation of planned strikes.
  - US equities continued to broaden beyond mega-cap technology, with the equal-weight S&P 500 outperforming the cap-weighted index YTD (~11% vs. ~9%). Financials, healthcare, defensives, and small-cap (Russell 2000 +3.9% WoW) led gains, signalling improving market breadth and a healthier market backdrop.
  - Semiconductors consolidated after a strong rally, with the sector correcting ~12% from recent highs before partially recovering. The pullback appears driven by profit-taking rather than weakening AI fundamentals, as major cloud providers continue to project nearly $1 trillion in combined next-12-month capex, underscoring sustained AI infrastructure demand. The successful SpaceX IPO further highlighted robust investor appetite for growth and innovation-led assets.
  - Inflation data reinforced expectations for a prolonged Fed pause, with May CPI at 4.2% YoY, core CPI at 2.9% YoY, and a second consecutive month of moderating price growth. At the same time, consensus expectations for ~21% YoY Q2 earnings growth continue to provide fundamental support for equity valuations.
- **SENSEX:**
  - Sensex closed at 75,528.0 (+1.7% WoW), though it remains deeply negative YTD at (11.9%). The recovery was driven almost entirely by financials: Nifty Private Bank surged 5.13%, Nifty Bank +4.25%, Nifty Financial Services +3.54%, and Nifty PSU Bank +3.27%. The RBI's hold at 5.25% under a neutral stance provided the policy stability that bank re-ratings required.
  - The RBI's accompanying macro update was materially more cautious: real GDP projection cut to 6.6% from 6.9%, and CPI target raised to 5.1% from 4.6%. Both revisions confirm the Middle east energy shock is transmitting unfavourably through India's terms of trade. India imports approximately 85% of its crude oil, making even $85/bbl Brent a meaningful current account drag. The dual GDP-downgrade / CPI-upgrade creates a stagflationary constraint on RBI optionality.
  - FII flows remained negative on June 12, with net outflows of approximately $126 million, while DIIs provided strong support through net purchases of approximately $621 million. The structural FII-DII dynamic continues to underpin Indian equities, with roughly $10 billion of cumulative foreign selling over the past 12–13 months largely absorbed by sustained domestic institutional inflows. Meanwhile, the India 10Y G-Sec yield declined 8.7 bps WoW to 6.89%, suggesting bond markets increasingly view the 5.25% RBI policy rate as close to the terminal rate for the current cycle.

- **Stoxx 600:**
  - Stoxx 600 closed at 633.2 (+1.7% WoW, +6.2% YTD). European equity performance was defined by competing forces: the ECB's hawkish first hike since September 2023 creating initial pressure on rate-sensitive sectors, offset by the geopolitical de-escalation rally and the resulting oil price decline reducing energy import cost expectations.
  - The ECB announced a 25bps rate hike (deposit rate 2.00% to 2.25%, effective 17 June) while simultaneously cutting its 2026 GDP forecast to 0.8% and raising its CPI projection to 3.0%. Hiking into a sub-1% growth environment is structurally bearish for European industrials and consumer cyclicals. The central bank explicitly flagged uncertainty around the intensity and duration of the energy price shock.
  - Country-level performance diverged sharply: Italy's FTSE MIB gained 3.22% (financial-heavy), France's CAC 40 +1.61%, UK FTSE 100 +1.00%, while Germany's DAX fell 0.50%. Germany's underperformance reflects dual headwinds; April industrial production rose only 0.4% MoM after a March contraction, and automotive output fell 4.7%.
  - Counterintuitively, the German Bund rallied (yields fell 4.30 bps WoW) despite the ECB hiking. The market is pricing a policy peak; a central bank hiking into a growth downgrade signals a constrained terminal rate, not an extended cycle. UK GDP contracted 0.1% MoM in April, limiting BoE optionality; UK Gilt 2Y fell 10.30 bps WoW (the largest front-end rally among major markets), confirming markets price a lower BoE terminal rate.
- **Nikkei:**
  - Nikkei closed at 66,020.0, down (0.9%) WoW. Despite a strong Friday single-day rebound of 2.81%, the weekly net result was negative. Japan's unique exposure as a major energy importer is the key transmission mechanism: import prices surged 25.5% YoY in yen terms in May (from 21.0% in April), directly eroding corporate margins in energy-intensive sectors.
  - The BoJ's June 15-16 meeting is expected to deliver a 25bps hike to 1.0%, the first since December 2025. The JGB 10Y ticked up slightly (+1.10 bps WoW to 2.682%) in anticipation. BoJ Governor Ueda's hospitalization added uncertainty; Deputy Governor Himino will chair the meeting while Deputy Governor Uchida hosts the post-meeting press conference. Market conviction on the hike remained intact.
  - Japan's corporate goods PPI rose 6.3% YoY in May (vs. consensus 5.6%), the fastest since April's 5.3% -- adding urgency to BoJ's normalization case. Q1 GDP was revised down to an annualized 1.8% (from 2.1%), though still ahead of the 1.3% consensus. The structural bull case for Nikkei remains intact; near-term energy import cost burden and JPY weakness at purchasing power parity are the primary headwinds.
- **Hang Seng:**
  - Hang Seng fell (1.0%) WoW to 24,718.1, now down (6.2%) YTD and (6.3%) MoM. Offshore sentiment materially lagged mainland China (CSI 300 -0.82%, Shanghai Composite +0.09%), reflecting the Hang Seng's greater sensitivity to offshore capital flows, geopolitical risk, and institutional reputational exposure.
  - The specific catalyst: the US Department of Defense expanded its Chinese military-linked company list to include Alibaba, Baidu, BYD, WuXi AppTec, Unitree Robotics, Yangtze Memory Technologies, and ChangXin Memory Technologies. While designations do not impose broad sanctions, they restrict US defense procurement, increase regulatory scrutiny, and can trigger passive portfolio adjustments.
  - Mainland China's macro data stood in sharp contrast: May exports rose 19.4% YoY (from 14.1% in April), semiconductor exports up more than 100% YoY on global AI infrastructure demand, and the trade surplus widened to $105.4bn from $84.8bn. Strong external data supported onshore markets; offshore investors discounted it against the escalating US-China technology competition dynamic.
  - China's domestic economy remains bifurcated: PPI accelerating to 3.9% YoY (highest since July 2022) while CPI holds at 1.2%. Upstream and export-oriented industries benefiting from global commodity and AI demand; household consumption structurally weak. The producer-consumer inflation gap is widening, not narrowing, underscoring the uneven nature of China's recovery.

Credit Market

	Week ending >>>				
	5-Jun-26	12-Jun-26	YTD Change (bps)	Change for the Month (bps)	Change for the Week (bps)
Sovereign Benchmarks (10Y)					
US Treasury 10Y Yield (%)	4.53	4.48	28.82	12.48	(5.14)
German Bund 10Y	3.04	3.00	9.50	(1.00)	(4.30)
UK Gilt 10Y	4.90	4.83	29.91	(7.65)	(6.73)
Japan JGB 10Y	2.67	2.68	61.60	19.70	1.10
India G-Sec 10Y	6.97	6.89	28.44	(9.03)	(8.66)
China CGB 10Y	1.71	1.74	(11.10)	(1.60)	2.60
Short-End Yields (2Y)					
US Treasury 2Y	4.14	4.08	60.76	19.63	(6.61)
German Schatz 2Y	2.69	2.61	47.76	1.72	(7.55)
UK Gilt 2Y	4.33	4.23	50.02	(14.88)	(10.30)

	Week ending >>>				
	5-Jun-26	12-Jun-26	YTD Change (bps)	Change for the Month (bps)	Change for the Week (bps)
Policy Rates					
Fed Funds Rate (US)	3.75	3.75	-	-	-
BoE Bank Rate	3.75	3.75	-	-	-
BoJ Policy Rate	0.75	0.75	-	-	-
RBI Repo Rate	5.25	5.25	-	-	-

The credit landscape this week was defined by three simultaneous and competing forces: (1) US-Iran de-escalation driving a rally in US and European sovereign bonds as inflation risk premiums unwound; (2) the ECB announcing a hawkish 25bps hike (effective 17 June, deposit rate 2.00% to 2.25%) while signalling a growth-constrained terminal rate, paradoxically producing a Bund rally; and (3) BoJ rate hike expectations keeping JGBs as the sole major sovereign where yields rose on the week; up 1.10 bps WoW against the global rally, reflecting markets pricing the June 15-16 hike as near-certain.

- **US Treasuries:**
  - The 10Y fell 5.14 bps WoW to 4.48%, pulling back from recent highs near 4.54% as de-escalation hopes eased Hormuz-linked inflation expectations and provided long-end relief. BlackRock remains underweight long US Treasuries, flagging persistent upward pressure on the long end from energy-driven inflation and elevated term premia.
  - The US 2Y fell 6.61 bps WoW to 4.081%, offering the first front-end relief in several weeks as Fed hike risk receded on de-escalation. The 2Y/10Y spread held at ~40 bps, having bear-flattened from ~46-50 bps in May as the energy-driven inflation shock pushed short-end yields up faster than the long end. This week's move is a mild pause in that flattening trend rather than a structural reversal.
- **European Sovereigns (Bund / UK Gilt):**
  - The German Bund 10Y fell 4.30 bps WoW to 3.00% despite the ECB's announced rate hike on Thursday. A central bank hikes rates and its benchmark bond rallies: the market is pricing the hike as a peak signal rather than the start of a cycle, given the ECB's simultaneous GDP downgrade to 0.8% for 2026. Stagflation-constrained tightening implies a limited terminal rate. The German Schatz 2Y fell a sharper 7.55 bps WoW, confirming front-end markets price no extended ECB cycle.
  - UK Gilt 10Y fell 6.73 bps WoW to 4.836%, with the UK Gilt 2Y down 10.30 bps WoW. UK GDP contracting 0.1% MoM in April, combined with the BoE's hold at 3.75%, reduced rate-hike risk premium aggressively. The YTD rise of 29.91 bps in 10Y Gilts mirrors the US and reflects global term premium expansion from energy-driven inflation.

- **JGB: Policy Normalization in Motion:**
  - Japan JGB 10Y rose +1.10 bps WoW to 2.682%. The YTD rise of 61.60 bps is by far the largest of any major sovereign, representing the unwinding of a decade of zero-to-negative rate policy. With the June 15-16 BoJ meeting expected to deliver a 25bps hike to 1.0%, markets are pricing the normalization trajectory, not a one-off move. Japan's corporate goods PPI at 6.3% YoY and import price inflation at 25.5% YoY reinforce the case for continued tightening.
- **India G-Sec and China CGB: Divergent Signals:**
  - India G-Sec 10Y fell 8.66 bps WoW to 6.891%. The RBI held rates at 5.25% under a neutral stance while simultaneously cutting its GDP growth projection to 6.6% and raising its CPI target to 5.1%. Bond markets appear to be looking through the near-term inflation revision and pricing the policy rate as near-terminal, the growth downgrade makes further hikes difficult to justify, shifting the next likely move toward easing. The spread between the repo rate (5.25%) and the 10Y G-Sec (6.891%) remains at approximately 164 bps.
  - China CGB 10Y rose +2.60 bps WoW to 1.744%. The uptick likely reflects profit-taking after China's May export data beat expectations (exports +19.4% YoY), which reduced the urgency for near-term PBOC stimulus and took some of the bid out of bonds. At 1.744% against a CPI of 1.2%, the real yield is barely positive at ~0.5%, making Chinese government bonds structurally unattractive for return-seeking capital, even if they offer portfolio diversification.
- **S&P BDC Index (Private Credit):**
  - The S&P BDC Index recovered +1.1% WoW to 48.477, partially reversing the (2.2%) MoM drawdown. The recovery is primarily sentiment-driven, tracking the broader risk-on rally in credit spreads, rather than reflecting any fundamental improvement in underlying borrower quality. The YTD deficit of (12.2%) reflects structural compression: "higher for longer" rates elevate the probability of payment-in-kind (PIK) elections among weaker borrowers, deferring rather than resolving credit stress.
  - Dispersion is widening. Larger, diversified BDC platforms (Ares Capital, Blue Owl, Apollo BDC) are navigating the environment through portfolio diversification and selective origination; smaller single-sector managers face more concentrated NAV pressure.

	Week ending >>>				
	5-Jun-26	**12-Jun-26**	**YTD Growth**	**Growth for the month**	**Growth for the week**
Private Credit					
S&P BDC Index	47.953	48.477	(12.2%)	(2.2%)	1.1%

Currencies

	Week ending >>>				
	5-Jun-26	**12-Jun-26**	**YTD Growth**	**Growth for the month**	**Growth for the week**
Currency					
EUR/USD	1.1522	1.1568	(1.3%)	(1.9%)	0.4%
GBP/USD	1.3342	1.3406	(0.4%)	(1.7%)	0.5%
USD/INR	94.9437	95.1175	5.5%	0.7%	0.2%
CHF/USD	1.2563	1.2546	(0.6%)	(2.6%)	(0.1%)
USD/JPY	160.2900	160.2400	2.2%	2.3%	(0.0%)

- **Currencies**
  - EUR/USD (+0.4% WoW to 1.1568) and GBP/USD (+0.5% WoW to 1.3406) strengthened as geopolitical tensions eased and oil prices declined. However, both currencies continue to face structural headwinds from weak growth and energy import dependence, with the ECB recently lowering its 2026 GDP forecast to 0.8%.
  - USD/INR (+0.2% WoW to 95.12) rose modestly, taking the INR's YTD depreciation to 5.5%. Higher energy import costs continue to pressure India's current account, while elevated inflation limits the RBI's flexibility to support growth through further rate cuts.

- CHF/USD (-0.1% WoW) remained broadly unchanged as safe-haven demand moderated following the improvement in geopolitical sentiment. The CHF remains down 0.6% YTD amid a broader unwind of defensive positioning.
- USD/JPY was flat at 160.2, reflecting a balance between expectations of further BoJ policy normalization and ongoing carry trade demand. Markets remain focused on upcoming BoJ guidance as the key catalyst for a potential strengthening of the JPY.

Commodities

	Week ending >>>				
	5-Jun-26	12-Jun-26	YTD Returns	Growth for the month	Growth for the week
Commodities					
Gold (USD per troy ounce)	4,328.5	4,219.3	(2.6%)	(10.5%)	(2.5%)
Silver (USD per troy ounce)	67.8	68.0	(6.6%)	(15.3%)	0.3%
Oil (USD per barrel)	90.5	84.9	48.1%	(11.0%)	(6.3%)
Natural Gas (Henry Hub)	3.2	3.1	(13.8%)	13.2%	(3.4%)
Copper (US cents per pound)	628.5	644.5	13.2%	3.1%	2.6%
Aluminium (USD per metric tonne)	3,627.6	3,533.0	17.8%	(0.8%)	(2.6%)
Wheat (US cents per bushel)	580.0	584.5	15.4%	(3.8%)	0.8%
Sugar (US cents per pound)	14.1	13.7	(6.2%)	(6.7%)	(3.1%)

- **Gold (USD per troy ounce):**
  - Gold fell (2.5%) WoW to $4,219.3. The week opened with active US-Iran military exchanges, conditions under which gold should have been a beneficiary. Instead, the Thursday de-escalation trade drove a sharp gold selloff as inflation expectations moderated and real yields rose marginally. This is the gold-real yield relationship in its most direct expression: gold has zero yield, so rising real yields on de-escalation compress its premium systematically.
  - The MoM decline of (10.5%) is the more structurally meaningful figure. Gold has shed significant ground as the market narrative shifted from Hormuz closure to de-escalation. BlackRock explicitly described gold as an "ineffective diversifier" in this regime, noting that traditional long-duration safe havens no longer provide the equity buffer they historically did. At $4,219/oz, gold has surrendered its YTD gains at (2.6%) -- an asset that should benefit from stagflation is underperforming in a stagflationary environment.
- **Silver (USD per troy ounce):**
  - Silver rose marginally +0.3% WoW to $68.0. Silver's dual role as both a precious and industrial metal meant that even as the safe-haven premium in gold compressed, the industrial demand signal (copper +2.6%, de-escalation easing growth fears) provided partial support. The MoM loss of (15.3%) confirms silver still largely tracked gold's direction over the broader period.
- **Oil (USD per barrel):**
  - Oil fell (6.3%) WoW to $84.9/bbl. The intraweek range was extreme: crude surged above $93/bbl on Wednesday as US-Iran hostilities escalated, then collapsed on Thursday/Friday as Trump cancelled planned strikes and Hormuz de-escalation signals emerged. This $8+ intraweek swing underscores the market's extreme sensitivity to Strait of Hormuz closure risk, given that approximately 20% of global oil flows transit the waterway.
  - Oil remains materially above pre-conflict levels and is the primary driver of headline inflation overshoots in the US (CPI 4.2%), Europe (ECB forecast 3.0%), and Japan (import prices +25.5% YoY). A durable peace deal rather than a temporary ceasefire is required to structurally unwind this premium.

Cryptocurrency

	Week ending >>>				
	5-Jun-26	12-Jun-26	YTD Returns	Growth for the month	Growth for the week
Crypto					
Bloomberg Crypto Index	1,519.6	1,597.7	(40.5%)	(24.4%)	5.1%
Bitcoin (USD)	61,625.1	63,418.5	(30.4%)	(20.8%)	2.9%
Ripple	1.1	1.1	(46.0%)	(19.8%)	1.5%
Solana	64.6	66.7	(50.2%)	(27.6%)	3.1%

- Cryptocurrencies rebounded alongside broader risk assets, with the Bloomberg Crypto Index rising 5.1% WoW, led by gains in Bitcoin (+2.9%), Solana (+3.1%), and Ripple (+1.5%). The rally closely tracked the late-week recovery in the NASDAQ, reinforcing crypto's role as a liquidity-sensitive, high-beta risk asset rather than an inflation hedge.
- Despite the weekly recovery, performance remains weak YTD, with Bitcoin down 30.4% and the Bloomberg Crypto Index down 40.5%. Elevated real rates and the persistence of a "higher for longer" policy environment continue to weigh on the asset class, given its sensitivity to liquidity conditions and lack of underlying cash flows.

Updates in AI sector over the week

- AI development continued to accelerate, with Anthropic launching Fable 5, its most advanced public model, while simultaneously advocating for industry-wide mechanisms to coordinate development pauses if AI capabilities outpace governance frameworks. The move highlights the growing tension between rapid commercialization and AI safety.
- Google introduced DiffusionGemma, a diffusion-based language model that departs from traditional autoregressive architectures, signalling continued innovation in AI model efficiency. At the same time, projected next-12-month AI capex by major cloud providers is approaching $1 trillion, reinforcing the structural nature of AI infrastructure investment.
- SpaceX is expanding into AI infrastructure services following its merger with xAI, repurposing underutilized GPU capacity from the Colossus supercomputer sites for third-party AI workloads. The model could introduce additional competition into the AI compute market and broaden access to high-performance infrastructure.
- US-China AI competition intensified, with the US expanding restrictions on Chinese memory-chip manufacturers critical to AI training. The move underscores the growing strategic importance of semiconductor supply chains and reinforces the central role of advanced chip producers in the global AI ecosystem.

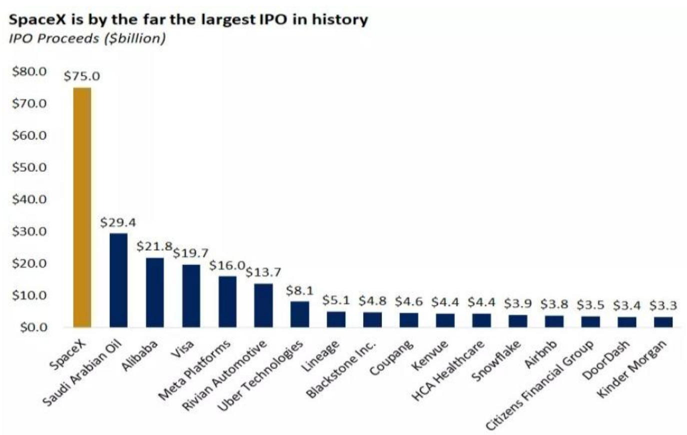
Geopolitical News

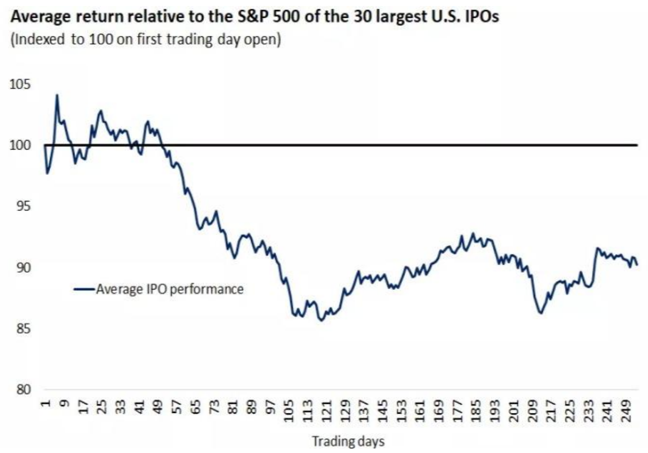
- US-Iran tensions de-escalated, driving a decline in oil prices and supporting risk assets, though Hormuz-related supply risks remain a key market concern.
- US-China technology restrictions expanded, highlighting intensifying strategic competition across AI, semiconductors, EVs, and biotechnology.
- Markets are focused on this week's BoJ and FOMC meetings, with policy guidance and geopolitical developments likely to drive rates and risk sentiment.

Insights from the Street

The two charts below together capture the SpaceX IPO story and its investment implications. At $75bn in proceeds, SpaceX is the largest IPO in history, more than 2.5x the size of the next largest (Saudi Aramco at $29.4bn in 2019). The offering establishes a new ceiling for institutional capacity to absorb single-name issuance, and its successful pricing at more than 100x trailing revenue tests whether demand infrastructure scales linearly with supply at elevated valuations.

The second chart is the more important investment lesson: among the 30 largest US IPOs over the past 20 years, average return relative to the S&P 500 deteriorated systematically from listing through approximately trading day 110, recovering only partially thereafter. Large IPOs underperform the broader market by approximately 10-15% in their first year. SpaceX carries an additional structural complexity: with a free float below 5% and the S&P 500 specifically declining to fast-track inclusion (unlike the Russell 1000, MSCI U.S., and NASDAQ 100), passive demand is initially constrained while active investor concentration remains high. The record IPO size is a market attention signal, not an investment signal.





Disclaimer

This material has been prepared by Global Institutional Advisors, incorporated in UAE and trading as Global Institutional Advisors ("GIA"), and is intended only for informational purposes. It should not be considered as investment advice, investment research, a sales prospectus, or an offer or solicitation to engage in any investment activity. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained in this material. This material has been created solely to provide information on your investment portfolio based on the information provided to us. Redistribution of this material, in whole or in part, is prohibited without the prior written consent of GIA, and GIA accepts no liability for the actions of third parties in this regard.